

Township of Killaloe, Hagarty and Richards

Financial Statements

For the year ended 31 December 2023

**MACKILLICAN & ASSOCIATES**

CHARTERED PROFESSIONAL ACCOUNTANTS



*Naturally Spirited*

**KILLALOE-HAGARTY-RICHARDS**

**1 John Street, P.O. Box 39  
Killaloe, ON K0J 2A0**

**Telephone: (613)757-2300 – Fax: (613)757-3634**

email: [info@khrtownship.ca](mailto:info@khrtownship.ca)

Web Site: [killaloe-hagarty-richards.ca](http://killaloe-hagarty-richards.ca)

### **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of the Corporation of the Township of Killaloe, Hagarty and Richards (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of the significant accounting policies is contained in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by MacKillican & Associates, independent external auditors appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

---

Tammy Gorgerat  
CAO/Clerk-Treasurer

Township of Killaloe, Hagarty and Richards

Consolidated Financial Statements Index

For the year ended 31 December 2023

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Changes in Net Financial Assets (Liabilities)	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 16
Schedule of General Operations	17
Schedule of Water Fund Operations	18
Schedule of Sewage Fund Operations	19
Schedule of Reserves and Reserve Funds	20
Schedule of Tangible Capital Assets	21 - 22

Village of Killaloe Recreation Committee

Independent Auditor's Report	23 - 24
Statement of Financial Position	25
Statement of Operations and Accumulated Surplus	26
Notes to the Financial Statements	27

Killaloe & District Public Library Board

Independent Auditor's Report	28 - 29
Statement of Financial Position	30
Statement of Operations and Accumulated Surplus	31
Statement of Cash Flows	32
Notes to the Financial Statements	33 - 34



**MACKILLICAN  
& ASSOCIATES**  
CHARTERED PROFESSIONAL  
ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Members of Council,  
Inhabitants and Ratepayers of the  
Corporation of the Township of Killaloe, Hagarty and Richards.

### **Opinion**

We have audited the consolidated financial statements of the Township of Killaloe, Hagarty and Richards (the Township), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net financial assets (liabilities) and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Township as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

---

620 Barnet Blvd.  
Renfrew ON. K7V 0A8  
T: 613.432.3664 | F: 613.432.8424

Email: [info@mackillicans.com](mailto:info@mackillicans.com) | Website: [www.mackillicans.com](http://www.mackillicans.com)

14 Madawaska Street – P.O. Box 94  
Arnprior ON. K7S 3H2  
T: 613.623.7926 | F: 613.623.7927

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*MacKillicon & Associates*

RENFREW, Ontario.  
18 March 2024.

**Chartered Professional Accountants,**  
Licensed Public Accountants.

Township of Killaloe, Hagarty and Richards  
Consolidated Statement of Financial Position

As at 31 December 2023  
(with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 1,957,414	\$ 2,337,467
Taxes receivable	1,312,085	1,157,205
Accounts receivable	445,673	529,362
Investments (Note 3)	<u>343,038</u>	<u>343,038</u>
	<u>\$ 4,058,210</u>	<u>\$ 4,367,072</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 199,096	\$ 249,311
Deferred revenue - obligatory reserve funds (Note 5)	28,694	14,174
Net long term liabilities (Note 13)	1,892,660	2,082,786
Landfill closure and post closure costs (Note 6)	<u>1,715,000</u>	<u>1,380,000</u>
	<u>\$ 3,835,450</u>	<u>\$ 3,726,271</u>
Net financial assets	<u>\$ 222,760</u>	<u>\$ 640,801</u>
Non-financial assets:		
Tangible capital assets (net) (Notes 1 (d) (i) and 9)	\$ 7,244,343	\$ 7,608,276
Inventory of supplies (Note 1 (e))	30,430	28,172
Prepaid expenses	<u>28,711</u>	<u>22,771</u>
	<u>\$ 7,303,484</u>	<u>\$ 7,659,219</u>
Accumulated surplus	<u>\$ 7,526,244</u>	<u>\$ 8,300,020</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets (Note 14)	\$ 5,351,683	\$ 5,525,490
Discretionary reserve fund	200,497	170,579
Reserves	3,688,711	3,905,091
General	307	62,794
Water fund operations	(44,360)	(26,972)
Sewage fund operations	(6,102)	
Killaloe & District Public Library Board	30,751	25,557
Village of Killaloe Recreation Committee	19,757	17,481
Unfunded - landfill closure and post closure costs (Note 2)	<u>(1,715,000)</u>	<u>(1,380,000)</u>
Total accumulated surplus	<u>\$ 7,526,244</u>	<u>\$ 8,300,020</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards  
Consolidated Statement of Operations and Accumulated Surplus  
For the year ended 31 December 2023  
(with 2023 budget and 2022 actual figures for comparison)

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
Revenue:			
Taxation and user charges (Note 17)	\$ 3,237,606	\$ 3,283,338	\$ 3,109,359
Government transfers:			
Ontario	1,412,521	1,319,435	1,347,746
Canada	112,064	98,838	161,740
Other municipalities	6,168	6,168	6,168
Other	<u>515,806</u>	<u>535,907</u>	<u>455,549</u>
	<u>\$ 5,284,165</u>	<u>\$ 5,243,686</u>	<u>\$ 5,080,562</u>
Expenses:			
General government	\$ 925,552	\$ 838,504	\$ 990,121
Protection to persons and property	1,593,741	1,443,317	1,124,024
Transportation services	2,182,942	1,895,615	1,789,423
Environmental services	1,142,821	1,392,189	1,421,972
Recreation and cultural services	479,579	441,420	423,574
Planning and development	<u>24,500</u>	<u>6,417</u>	<u>11,996</u>
	<u>\$ 6,349,135</u>	<u>\$ 6,017,462</u>	<u>\$ 5,761,110</u>
Excess (shortfall) of revenue over expenses	\$ (1,064,970)	\$ (773,776)	\$ (680,548)
Accumulated surplus at the beginning of the year	<u>8,300,020</u>	<u>8,300,020</u>	<u>8,980,568</u>
Accumulated surplus at the end of the year	<u>\$ 7,235,050</u>	<u>\$ 7,526,244</u>	<u>\$ 8,300,020</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards  
Consolidated Statement of Changes in Net Financial Assets (Liabilities)  
For the year ended 31 December 2023  
(with 2023 budget and 2022 actual figures for comparison)

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
Excess (shortfall) of revenue over expenses	\$ (1,064,970)	\$ (773,776)	\$ (680,548)
Amortization of tangible capital assets	848,453	882,018	764,567
Acquisition of tangible capital assets	(793,998)	(522,102)	(972,509)
Loss (gain) on sale of tangible capital assets		339	(15,000)
Proceeds on sale of tangible capital assets		3,678	15,000
Use of (acquisition of) inventory		(2,258)	(466)
Use of (acquisition of) prepaid expenses	<u>                    </u>	<u>(5,940)</u>	<u>162</u>
Decrease in net financial assets	\$ (1,010,515)	\$ (418,041)	\$ (888,794)
Net financial assets at the beginning of the year	<u>640,801</u>	<u>640,801</u>	<u>1,529,595</u>
Net financial assets (liabilities) at the end of the year	\$ <u><u>(369,714)</u></u>	\$ <u><u>222,760</u></u>	\$ <u><u>640,801</u></u>

(See accompanying notes)



Township of Killaloe, Hagarty and Richards

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

(with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Excess (shortfall) of revenue over expenses	\$ (773,776)	\$ (680,548)
Add (deduct) items which do not involve cash:		
- amortization	882,018	764,567
- loss (gain) on sale of tangible capital assets	<u>339</u>	<u>(15,000)</u>
	<u>\$ 108,581</u>	<u>\$ 69,019</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (154,880)	\$ (1,007)
- decrease (increase) in accounts receivable	83,689	41,894
- decrease (increase) in inventory of supplies	(2,258)	(466)
- decrease (increase) in prepaid expenses	(5,940)	162
- increase (decrease) in accounts payable and accrued liabilities	(50,215)	(31,369)
- increase (decrease) in deferred revenue - obligatory reserve funds	14,520	1,025
- increase (decrease) in landfill closure post closure costs	<u>335,000</u>	<u>425,000</u>
	<u>\$ 219,916</u>	<u>\$ 435,239</u>
Cash flows from operating activities	<u>\$ 328,497</u>	<u>\$ 504,258</u>
Cash flows from financing activities:		
Proceeds from OILC debenture		\$ 1,891,709
Proceeds from Capital lease		269,491
Repayment of OILC debenture	\$ (104,506)	(51,173)
Repayment of Capital lease	<u>(85,620)</u>	<u>(27,241)</u>
Cash flows from (used for) financing activities	<u>\$ (190,126)</u>	<u>\$ 2,082,786</u>
Cash flows used for capital activities:		
Additions to tangible capital assets:		
Protection services		\$ (197,780)
Transportation services	\$ (485,384)	(652,063)
Environmental services	(22,336)	(51,432)
Recreation and cultural services	(14,382)	(71,234)
Proceeds on sale of tangible capital assets	<u>3,678</u>	<u>15,000</u>
Cash flows used for capital activities	<u>\$ (518,424)</u>	<u>\$ (957,509)</u>
Increase (decrease) in cash and cash equivalents during the year	\$ (380,053)	\$ 1,629,535
Cash and cash equivalents at the beginning of the year	<u>2,337,467</u>	<u>707,932</u>
Cash and cash equivalents at the end of the year	<u>\$ 1,957,414</u>	<u>\$ 2,337,467</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of General Operations

For the year ended 31 December 2023

(with 2023 budget and 2022 actual figures for comparison)

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 2,939,580	\$ 2,955,391	\$ 2,785,984
Government transfers:			
Ontario	1,402,161	1,308,888	1,337,914
Canada	110,286	98,838	159,962
Other municipalities	1,520	1,520	1,520
Other	<u>490,306</u>	<u>493,222</u>	<u>423,208</u>
	<u>\$ 4,943,853</u>	<u>\$ 4,857,859</u>	<u>\$ 4,708,588</u>
Expenses:			
General government	\$ 925,552	\$ 838,504	\$ 990,121
Protection to persons and property	1,593,741	1,443,317	1,124,024
Transportation services	2,182,942	1,895,615	1,789,423
Environmental services	844,795	700,037	648,570
Recreation and cultural services	333,932	295,368	283,905
Planning and development	<u>24,500</u>	<u>6,417</u>	<u>11,996</u>
	<u>\$ 5,905,462</u>	<u>\$ 5,179,258</u>	<u>\$ 4,848,039</u>
Excess (shortfall) of revenue over expenses	<u>\$ (961,609)</u>	<u>\$ (321,399)</u>	<u>\$ (139,451)</u>
Transfers:			
Transfer to library	\$ (110,561)	\$ (103,992)	\$ (88,079)
Transfer from (to) discretionary reserve fund		(21,568)	28,864
Transfer from reserves	1,145,046	210,665	135,648
Transfer from (to) equity in tangible capital assets	<u>(135,670)</u>	<u>173,807</u>	<u>63,438</u>
Net transfers	<u>\$ 898,815</u>	<u>\$ 258,912</u>	<u>\$ 139,871</u>
Change in general surplus (deficit) for the year	\$ (62,794)	\$ (62,487)	\$ 420
General surplus at the beginning of the year	<u>62,794</u>	<u>62,794</u>	<u>62,374</u>
General surplus at the end of the year	<u>\$ -</u>	<u>\$ 307</u>	<u>\$ 62,794</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Tangible Capital Assets

For the year ended 31 December 2023  
(with 2022 figures for comparison)

Segmented by asset class: <u>Cost</u>	Balance at 31 December <u>2022</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2023</u>
Land	\$ 443,546			\$ 443,546
Land improvements	504,642	\$ 14,382	\$ 71,233	590,257
Buildings	7,012,971			7,012,971
Machinery and equipment	1,316,765			1,316,765
Vehicles	2,413,963		(8,035)	2,405,928
Linear assets	21,901,824	302,420		22,204,244
Capital work in progress	<u>71,233</u>	<u>205,300</u>	<u>(71,233)</u>	<u>205,300</u>
Total	<u>\$ 33,664,944</u>	<u>\$ 522,102</u>	<u>\$ (8,035)</u>	<u>\$ 34,179,011</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2022</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2023</u>
Land	\$ 124,051			\$ 124,051
Land improvements	414,425	\$ 8,511		422,936
Buildings	4,154,407	175,880		4,330,287
Machinery and equipment	959,261	105,518		1,064,779
Vehicles	1,501,224	115,922	\$ (4,018)	1,613,128
Linear assets	<u>18,903,300</u>	<u>476,187</u>		<u>19,379,487</u>
Total	<u>\$ 26,056,668</u>	<u>\$ 882,018</u>	<u>\$ (4,018)</u>	<u>\$ 26,934,668</u>

<u>Net book value</u>	Balance at 31 December <u>2022</u>	Balance at 31 December <u>2023</u>
Land	\$ 319,495	\$ 319,495
Land improvements	90,217	167,321
Buildings	2,858,564	2,682,684
Machinery and equipment	357,504	251,986
Vehicles	912,739	792,800
Linear assets	2,998,524	2,824,757
Capital work in progress	<u>71,233</u>	<u>205,300</u>
Total	<u>\$ 7,608,276</u>	<u>\$ 7,244,343</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Tangible Capital Assets

For the year ended 31 December 2023

(with 2022 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2022</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2023</u>
General government	\$ 959,719			\$ 959,719
Protection services	4,052,210		\$ (8,035)	4,044,175
Transportation services	20,653,588	\$ 485,384		21,138,972
Environmental services - waste sites	865,691			865,691
Environmental services - water	3,786,120	22,336		3,808,456
Environmental services - sewage	2,345,420			2,345,420
Recreation services	<u>1,002,196</u>	<u>14,382</u>		<u>1,016,578</u>
<b>Total</b>	<b><u>\$ 33,664,944</u></b>	<b><u>\$ 522,102</u></b>	<b><u>\$ (8,035)</u></b>	<b><u>\$ 34,179,011</u></b>

<u>Accumulated amortization</u>	Balance at 31 December <u>2022</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2023</u>
General government	\$ 552,044	\$ 39,105		\$ 591,149
Protection services	1,191,765	135,618	\$ (4,018)	1,323,365
Transportation services	17,046,779	507,658		17,554,437
Environmental services - waste sites	712,696	37,937		750,633
Environmental services - water	3,634,687	141,993		3,776,680
Environmental services - sewage	2,250,397	3,611		2,254,008
Recreation services	<u>668,300</u>	<u>16,096</u>		<u>684,396</u>
<b>Total</b>	<b><u>\$ 26,056,668</u></b>	<b><u>\$ 882,018</u></b>	<b><u>\$ (4,018)</u></b>	<b><u>\$ 26,934,668</u></b>

<u>Net book value</u>	Balance at 31 December <u>2022</u>	Balance at 31 December <u>2023</u>
General government	\$ 407,675	\$ 368,570
Protection services	2,860,445	2,720,810
Transportation services	3,606,809	3,584,535
Environmental services - waste sites	152,995	115,058
Environmental services - water	151,433	31,776
Environmental services - sewage	95,023	91,412
Recreation services	<u>333,896</u>	<u>332,182</u>
<b>Total</b>	<b><u>\$ 7,608,276</u></b>	<b><u>\$ 7,244,343</u></b>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Reserves and Reserve Funds

For the year ended 31 December 2023

(with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u>
Contributions:		
From operations	\$ <u>44,178</u>	\$ <u>132,818</u>
Transfers:		
Transfer to operations	\$ 37,762	\$ 25,267
Transfer to tangible capital asset acquisitions	<u>192,878</u>	<u>283,081</u>
	\$ <u>230,640</u>	\$ <u>308,348</u>
Change in reserves and reserve funds balance	\$ (186,462)	\$ (175,530)
Reserves and reserve funds at the beginning of the year	<u>4,075,670</u>	<u>4,251,200</u>
Reserves and reserve funds at the end of the year	\$ <u><u>3,889,208</u></u>	\$ <u><u>4,075,670</u></u>
Reserves:		
Working funds	\$ 2,678,043	\$ 2,709,327
Protection services	58,376	58,376
Roadways	232,081	332,081
Wastewater system	5,715	5,715
Waterworks system	15,259	21,290
Solid waste disposal	305,000	378,350
Hydro Reserve Killaloe	<u>399,952</u>	<u>399,952</u>
Total reserves	\$ 3,688,711	\$ 3,905,091
Discretionary reserve fund set aside for specific purpose:		
Environmental	<u>200,497</u>	<u>170,579</u>
Total reserves and reserve funds	\$ <u><u>3,889,208</u></u>	\$ <u><u>4,075,670</u></u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2023

## 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Killaloe, Hagarty and Richards are the representation of management prepared in accordance with generally accepted accounting standards for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The focus of PSAB financial statements is on the financial position of the Township and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Township and is the difference between financial assets and liabilities. This information explains the Township's overall future revenue requirements and its ability to finance activities and meet its obligations.

### (a) Reporting Entity

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds, and changes in investment in tangible capital assets of the Township. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include:

- Village of Killaloe Recreation Committee
- Killaloe & District Public Library Board

- (ii) Accounting for County and School Board Transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the county and school boards are not reflected in the municipal fund balances of these financial statements.

### (b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period goods or services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed.

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

(d) Tangible Capital Assets

(i) Tangible capital assets (TCAs) are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Where the cost was not readily determinable, the assets were valued at their current fair market value and then discounted back to their in-service date using the Non-Residential Building Construction Price Index (NRBCPI) for infrastructure, storm sewers and sanitary sewers and using the Consumer Price Index (CPI) for all other assets. Land for road segments is valued at \$ 1.00 per segment. All other land is valued at cost. Where cost was not readily determinable, the land was given a value of \$ 1.00 per segment. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 - 25 years
Buildings	15 - 30 years
Machinery and equipment	5 - 10 years
Vehicles	5 - 20 years
Linear assets	10 - 40 years

Amortization is calculated commencing the first month of the year following acquisition using the above rates. In the year of disposal, a full year of amortization will be charged against the asset. Capital work in progress is not amortized until it is put into service.

The Township has a capitalization threshold of \$ 5,000, so that individual TCAs of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

(ii) Contribution of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(e) Inventory

Inventory held for consumption is recorded at the lower of cost or replacement cost on a specific item basis.

(f) Investment Income

Investment income earned on current funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on externally restricted funds is added to the fund balance and forms part of the respective deferred revenue balance.

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

(h) Deferred Revenue

Certain amounts are received pursuant to regulations or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(i) Deferred Revenue - Obligatory Reserve Funds

The Township receives restricted contributions under the authority of provincial and federal legislation and Township by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

(j) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Significant estimates include the allowance for doubtful taxes, landfill closure and post closure costs and amortization.

(k) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

(l) Revenue Recognition

Taxation revenue consists of non-exchange transactions. It is recognized in the period to which the assessment relates and reasonable estimates of amounts can be made. Annual revenue also includes adjustments related to reassessments or appeals related to prior years. Fees and user charges relate to utility charges (water, wastewater, and solid waste) licensing fees, fees for use of various programming, and fees imposed based on specific activities, is recognized when the activity is performed or when the services are rendered.

(m) Financial Instruments

Financial instruments include cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying amounts reported on the statement of financial position for cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, approximate their fair values, due to the immediate and short term maturities of these financial instruments.

2. AMOUNTS TO BE RECOVERED

Amounts to be recovered represent the requirement of the Township to raise funds in subsequent periods to finance unfunded liabilities, comprised of the landfill closure and post closure liabilities.



Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2023

### 3. INVESTMENTS

The investments in Ottawa River Power Corporation (ORPC) and Ottawa River Solutions Inc. (ORSI) are carried at cost and are comprised as follows:

	<u>2023</u>	<u>2022</u>
169 Common shares (2022 - 169) of ORPC	\$ 169,507	\$ 169,507
169 Special shares of ORPC	169	169
169 Common shares (2022 - 169) of ORSI	845	845
169 Special shares of ORSI	169	169
Promissory Note from ORPC 3.49% (2022 - 5.37%)	<u>172,348</u>	<u>172,348</u>
	<u>\$ 343,038</u>	<u>\$ 343,038</u>

### 4. OPERATIONS OF SCHOOL BOARDS AND COUNTY OF RENFREW

Requisitions were made by the School Boards and County of Renfrew requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	<u>School Boards</u>	<u>County</u>
Property taxes	\$ 617,605	\$ 1,492,144
Payments in lieu	<u>670</u>	<u>36,966</u>
	<u>\$ 618,275</u>	<u>\$ 1,529,110</u>

### 5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place because federal, provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

- (a) The balance of deferred revenue - obligatory reserve funds on the "Consolidated Statement of Financial Position" at the end of the year is comprised of the following externally restricted reserve funds:

	<u>2023</u>	<u>2022</u>
Shoreline	\$ 14,431	\$ 13,750
Gasoline Tax - Federal	<u>14,263</u>	<u>424</u>
	<u>\$ 28,694</u>	<u>\$ 14,174</u>

- (b) Transactions during the year in the deferred revenue - obligatory reserve funds are as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	\$ 14,174	\$ 13,149
Gas tax revenue received	80,088	76,751
Sale of shoreline		968
Interest earned	<u>2,241</u>	<u>806</u>
	\$ 96,503	\$ 91,674
Used to purchase tangible capital assets	<u>(67,809)</u>	<u>(77,500)</u>
Balance at the end of the year	<u>\$ 28,694</u>	<u>\$ 14,174</u>

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2023

#### 6. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. Some closure costs are incurred on an ongoing basis and are included in the yearly fiscal operating budget. All remaining expected closure and post closure costs have been discounted at the Township's average long term borrowing rate, net of estimated inflation. There is currently \$ 790,708 in reserves set aside for either closure or post closure activities.

The reported liability is based on estimates and assumptions with respect to events extending over the useful life and estimated post closure care period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

	<u>Killaloe</u>	<u>Red Rock</u>	<u>Round Lake</u>
Landfill sites' estimated remaining capacity in cubic metres	1,007	39,579	77,305
Landfill sites' remaining useful life in years	0	30	0
Expected years of post closure care	25	25	25

The estimated total undiscounted expenses for closure and the 25 year post closure period amount to approximately \$ 1,715,000.

#### 7. CONTINGENT LIABILITIES

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. The Township is not aware of any claims or possible claims as at 31 December 2023.

#### 8. BUDGET FIGURES

The operating budget approved by the Township of Killaloe, Hagarty and Richards for 2023 is reflected on the Consolidated Statement of Operations. The budget established for capital investment in tangible capital assets is on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Township does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements.

#### 9. TANGIBLE CAPITAL ASSETS

The Schedule of Tangible Capital Assets provides information on the tangible capital assets of the Township by major asset class and by function, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2023

9. TANGIBLE CAPITAL ASSETS (Continued)

(i) Contributed Tangible Capital Assets

The Township records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, water and sewer lines installed by a developer as part of a subdivision agreement. There were no such transfers in 2023.

(ii) Tangible Capital Assets Recognized at Nominal Value

Certain assets have been assigned a nominal value of one dollar, because of the difficulty of determining a tenable valuation. The most significant such assets are the Township's road allowances. The 2023 road network had segments, each of which has been assigned a value of one dollar for the road allowance itself.

10. CONTRACTUAL OBLIGATIONS

In 2019, the Township entered into a 5 year contract with Ontario Clean Water Agency. The fixed price contract was established for water and sewage treatment. The annual cost of this contract was \$ 312,065 (2022 - \$ 297,753) and is adjusted annually for inflation and insurance.

The Township has not negotiated a contract with the Ontario Provincial Police for the provision of policing services, however, the Ontario Provincial Police provide policing services on an annual basis. Annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The amount for 2023 was \$ 461,874 (2022 - \$ 472,973).

The Township has negotiated a 10 year contract with Lafleche for the collection and disposal of compacted household waste. The contract runs from May 2013 to May 2023. The contract was not renewed, however normal operations continue with Lafleche. Annual charges are determined by the ton. The contract for 2023 was \$ 41,504 (2022 - \$ 56,594).

The Township has entered into a commercial lease agreement with Ford Credit for a 2023 Ford F250 truck. The lease obligation runs until September 2026. Monthly payments of \$ 2,644 include HST. The cost of the lease agreement in 2023 was \$ 11,907 (2022 - \$ Nil).

The Township has entered into a commercial lease agreement with Bank of Montreal for a 2020 International tandem truck. The lease obligation ran until February 2023. Monthly payments of \$ 8,469 include HST. The cost of the lease agreement in 2023 was \$ 15,254 (2022 - \$ 91,522).

11. SEGMENTED INFORMATION

(a) The Township is responsible for providing a wide range of services to its citizens. The Township reports on functional areas and programs in its consolidated financial statements. A brief description of each segment follows:

- i) General government is comprised of Council and administration and is responsible for the overall governance and management of the Municipality.
- ii) Protection is comprised of police, fire, and other protective services.
- iii) Transportation is comprised of roads including parking, signs and signals, streetlights and the maintenance of roads of the Township.
- iv) Environmental services include water supply and distribution, wastewater treatment, and solid waste and recycling services.
- v) Recreation and cultural services include parks, recreation and libraries.

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2023

11. SEGMENTED INFORMATION (Continued)

vi) Planning and development services are comprised of managing development for residential and business interests, as well as infrastructure and parks.

(b) For each functional area, expenditures represent both amounts that are directly attributable to the functional area and amounts that are allocated on a reasonable basis. The expenditures for 31 December 2023 are as follows:

	<u>Salaries and benefits</u>	<u>Interest on long term debt</u>	<u>Materials and contracted services</u>	<u>Rent and external transfers</u>	<u>Amortization</u>	<u>Total</u>
General government	\$ 516,816		\$ 269,358	\$ 13,225	\$ 39,105	\$ 838,504
Protection services	375,261	\$ 50,809	881,629		135,618	1,443,317
Transportation services	577,856	15,957	794,144		507,658	1,895,615
Environmental services	181,377		1,027,271		183,541	1,392,189
Recreation	244,287		181,037		16,096	441,420
Planning and development	<u>                    </u>	<u>                    </u>	<u>6,417</u>	<u>                    </u>	<u>                    </u>	<u>6,417</u>
	<u>\$ 1,895,597</u>	<u>\$ 66,766</u>	<u>\$ 3,159,856</u>	<u>\$ 13,225</u>	<u>\$ 882,018</u>	<u>\$ 6,017,462</u>

(c) The expenditures for 31 December 2022 are as follows:

	<u>Salaries and benefits</u>	<u>Interest on long term debt</u>	<u>Materials and contracted services</u>	<u>Rent and external transfers</u>	<u>Amortization</u>	<u>Total</u>
General government	\$ 552,436		\$ 379,388	\$ 18,050	\$ 40,247	\$ 990,121
Protection services	374,308	\$ 26,484	658,246		64,986	1,124,024
Transportation services	527,082	6,617	796,399		459,325	1,789,423
Environmental services	179,840		1,061,219		177,935	1,418,994
Recreation	240,386		164,092		19,096	423,574
Planning and development	<u>                    </u>	<u>                    </u>	<u>11,996</u>	<u>                    </u>	<u>                    </u>	<u>11,996</u>
	<u>\$ 1,874,052</u>	<u>\$ 33,101</u>	<u>\$ 3,071,340</u>	<u>\$ 18,050</u>	<u>\$ 761,589</u>	<u>\$ 5,758,132</u>

(d) For each functional area, revenues represent both amounts that are directly attributable to the functional area and amounts that are allocated on a reasonable basis. The revenues for 31 December 2023 are as follows:

	<u>Taxes</u>	<u>User charges and other revenues</u>	<u>Government transfers - Ontario</u>	<u>Government transfers - Canada</u>	<u>Total</u>
General government	\$ 2,955,391	\$ 337,201	\$ 970,289	\$ 20,530	\$ 4,283,411
Protection services		41,453			41,453
Transportation services		11,025	231,179	67,809	310,013
Environmental services		435,787	107,420		543,207
Recreation services		40,956	10,547	10,499	62,002
Planning and development	<u>                    </u>	<u>3,600</u>	<u>                    </u>	<u>                    </u>	<u>3,600</u>
	<u>\$ 2,955,391</u>	<u>\$ 870,022</u>	<u>\$ 1,319,435</u>	<u>\$ 98,838</u>	<u>\$ 5,243,686</u>

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2023

11. SEGMENTED INFORMATION (Continued)

(e) The revenues for 31 December 2022 are as follows:

	<u>Taxes</u>	<u>User charges and other revenues</u>	<u>Government transfers - Ontario</u>	<u>Government transfers - Canada</u>	<u>Total</u>
General government	\$ 2,785,984	\$ 258,019	\$ 1,031,181	\$ 25,433	\$ 4,100,617
Protection services		37,698	14,443		52,141
Transportation services		12,373	213,327	77,500	303,200
Environmental services		436,055	76,078		512,133
Recreation services		37,447	12,717	58,807	108,971
Planning and development		3,500			3,500
	<u>\$ 2,785,984</u>	<u>\$ 785,092</u>	<u>\$ 1,347,746</u>	<u>\$ 161,740</u>	<u>\$ 5,080,562</u>

12. PENSION CONTRIBUTIONS

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan during the year. The plan provides defined pension benefits to employees based on their length of service and rates of pay. During the year ended 31 December 2023, the Municipality contributed \$ 110,398 (2022 - \$ 113,282) to the plan and is included as an expense in the consolidated statement of operations. The Township does not recognize in its consolidated financial statements any share of the pension plan surplus as this is a joint responsibility of all Ontario municipalities and their employees. The pension plan had a deficit for 2023 of \$ 7,571,000,000 (2022 - deficit of \$ 6,100,000,000) based on the fair market value of the Plan's assets.

13. NET LONG TERM LIABILITIES

	<u>2023</u>	<u>2022</u>
(a) Ontario Infrastructure and Lands Corporation (OILC) loan payable, 2.80% interest, \$ 77,657 principal and interest payment, payable semi-annually, maturing February 2037.	\$ 1,736,030	\$ 1,840,536
Bank of Montreal capital lease payable, 6.978% interest, \$ 8,318 principal and interest payment, payable monthly, maturing August 2025.	<u>156,630</u>	<u>242,250</u>
Net long term liabilities at the end of the year	<u>\$ 1,892,660</u>	<u>\$ 2,082,786</u>

(b) Principal and interest payments required on the long term liabilities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 199,243	\$ 55,893	\$ 255,136
2025	175,321	46,540	221,861
2026	113,597	41,717	155,314
2027	116,800	38,514	155,314
2028	120,094	35,220	155,314
2029 to 2033	653,211	123,361	776,572
2034 onwards	<u>514,394</u>	<u>29,206</u>	<u>543,600</u>
	<u>\$ 1,892,660</u>	<u>\$ 370,451</u>	<u>\$ 2,263,111</u>

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2023

## 14. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets - net	\$ 7,244,343	\$ 7,608,276
Net long term liabilities (Note 13)	<u>(1,892,660)</u>	<u>(2,082,786)</u>
	<u>\$ 5,351,683</u>	<u>\$ 5,525,490</u>

## 15. CHANGE IN ACCOUNTING POLICIES

On 1 January 2022, the Township adopted Public Accounting Standard PS 3280 - Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as landfill closure and post closure costs. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of the standard.

On 1 January 2022, the Township recognized as asset retirement obligation relating to landfills owned by the Township for landfill closure and post closure costs. The landfills were originally opened in the 1970's, with the Township undertaking additions and expansions to the landfills subsequent to their original acquisition.

The ARO liability relating to the landfill closure and post closure costs is measured as of the date of acquisition of the landfills, when the liability was created and is calculated based on current costs without discounting to the date of the initial landfill acquisition.

The landfill sites had an expected useful life as follows:

Killaloe	47 years
Round Lake	59 years
Red Rock	43 years

The estimate has not been changed since acquisition.

The Round Lake landfill has 3 years left before being fully amortized, both the Killaloe and Red Rock landfill sites are fully amortized as at 1 January 2023.

In accordance with the provisions of this new standard, the Township reflected the following adjustments at 1 January 2022:

An increase in the tangible capital assets of \$ 4,827, representing the net book value of the landfill sites.

An increase in the opening equity in tangible capital assets of \$ 4,827 to reflect the recognition of the original ARO liability and accompanying increase in amortization expense.

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2023

16. ASSET RETIREMENT OBLIGATION

The Township has accrued for asset retirement obligation related to the legal requirement for the remediation of the landfill sites owned by the Township. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remediate the landfills in accordance with current legislation.

The change in the estimated obligation during the year consists of the following:

	<u>2023</u>	<u>2022</u>
Landfill closure and post closure costs	\$ 1,380,000	\$ 1,380,000
Accretion expense	<u>335,000</u>	<u>          </u>
	<u>\$ 1,715,000</u>	<u>\$ 1,380,000</u>
17. TAXATION AND USER CHARGES	<u>2023</u>	<u>2022</u>
Property taxes	\$ 2,889,406	\$ 2,722,942
Payment in lieu of property taxes	65,985	63,042
Water user charges	167,960	166,234
Sewage user charges	<u>159,987</u>	<u>157,141</u>
	<u>\$ 3,283,338</u>	<u>\$ 3,109,359</u>

Township of Killaloe, Hagarty and Richards

Schedule of Water Fund Operations

For the year ended 31 December 2023

(with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u>
Revenue:		
User charges	\$ <u>167,960</u>	\$ <u>166,234</u>
Expenses:		
Ontario Clean Water Agency billings	\$ 171,482	\$ 163,317
Hydro	<u>13,866</u>	<u>14,259</u>
	\$ <u>185,348</u>	\$ <u>177,576</u>
Change in water fund surplus (deficit)	\$ (17,388)	\$ (11,342)
Water fund deficit at the beginning of the year	<u>(26,972)</u>	<u>(15,630)</u>
Water fund deficit at the end of the year	<u><u>(44,360)</u></u>	<u><u>(26,972)</u></u>

(See accompanying notes)



Township of Killaloe, Hagarty and Richards

Schedule of Sewage Fund Operations

For the year ended 31 December 2023

(with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u>
Revenue:		
User charges	\$ <u>159,987</u>	\$ <u>157,141</u>
Expenses:		
Grant in lieu	\$ 987	\$ 962
Hydro	21,286	23,624
Materials	8,948	11,839
Ontario Clean Water Agency billings	140,583	133,889
Wages	<u>512</u>	<u>512</u>
	\$ <u>171,804</u>	\$ <u>170,826</u>
Excess (shortfall) of revenue over expenses	\$ (11,817)	\$ (13,685)
Transfers:		
Transfer from reserves	<u>5,715</u>	<u>13,685</u>
Change in sewage fund surplus (deficit)	\$ (6,102)	\$ -
Sewage fund surplus (deficit) at the beginning of the year	<u>-</u>	<u>-</u>
Sewage fund surplus (deficit) at the end of the year	<u><u>(6,102)</u></u>	<u><u>-</u></u>

(See accompanying notes)

Village of Killaloe Recreation Committee

Financial Statements

For the year ended 31 December 2023

**MACKILLICAN & ASSOCIATES**

CHARTERED PROFESSIONAL ACCOUNTANTS



## INDEPENDENT AUDITOR'S REPORT

To the Board Members,  
Members of Council,  
Inhabitants and Ratepayers of the  
Corporation of the Township of Killaloe, Hagarty and Richards.

### **Opinion**

We have audited the financial statements of the Village of Killaloe Recreation Committee (the Committee), which comprise the statement of financial position as at 31 December 2023, and the statement of operations and accumulated surplus for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Committee as at 31 December 2023, and its financial performance for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Committee in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Committee or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Committee's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

---

620 Barnet Blvd.  
Renfrew ON. K7V 0A8  
T: 613.432.3664 | F: 613.432.8424

14 Madawaska Street – P.O. Box 94  
Arnprior ON. K7S 3H2  
T: 613.623.7926 | F: 613.623.7927

Email: [info@mackillicans.com](mailto:info@mackillicans.com) | Website: [www.mackillicans.com](http://www.mackillicans.com)

---

*J.D. Healey, CPA, CA, LPA / R.K. Richards, CPA, CA, LPA / B.D. Thompson, CPA, CA, LPA / D.J. Thompson, CPA, CA, LPA*

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Committee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Committee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Committee to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Committee to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*MacKillicon & Associates*

RENFREW, Ontario.  
18 March 2024.

**Chartered Professional Accountants,**  
Licensed Public Accountants

Village of Killaloe Recreation Committee

Statement of Financial Position

As at 31 December 2023  
(with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u>
<u>ASSET</u>		
Cash in bank	\$ <u>19,757</u>	\$ <u>18,435</u>
<u>LIABILITY AND ACCUMULATED SURPLUS</u>		
Liability:		
Due to Township		\$ 954
Accumulated surplus	\$ <u>19,757</u>	<u>17,481</u>
	\$ <u>19,757</u>	\$ <u>18,435</u>

(See accompanying notes)

Village of Killaloe Recreation Committee  
Statement of Operations and Accumulated Surplus  
For the year ended 31 December 2023  
(with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u>
Revenue:		
Fundraising	\$ 11,592	\$ 10,725
Interest	<u>957</u>	<u>355</u>
	<u>\$ 12,549</u>	<u>\$ 11,080</u>
Expenses:		
Recreation activities	\$ 558	\$ 954
Fundraising	9,715	9,147
Office	<u>          </u>	<u>153</u>
	<u>\$ 10,273</u>	<u>\$ 10,254</u>
Excess of revenue over expenses	\$ 2,276	\$ 826
Accumulated surplus at the beginning of the year	<u>17,481</u>	<u>16,655</u>
Accumulated surplus at the end of the year	<u>\$ 19,757</u>	<u>\$ 17,481</u>

(See accompanying notes)

Village of Killaloe Recreation Committee

Notes to the Financial Statements

For the year ended 31 December 2023

## 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Killaloe Recreation Committee are the representation of management prepared in accordance with generally accepted accounting standards for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

### (a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period goods or services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

### (b) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

### (c) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

### (d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

### (e) Investment Income

Investment income earned on current funds are reported as revenue in the period earned.

### (f) Financial Instruments

Financial instruments include cash in bank. Unless otherwise noted, it is management's opinion that the Committee is not exposed to significant interest, currency or credit risks arising from the financial instruments. The carrying amounts reported on the statement of financial position for cash in bank, approximates the fair value, due to the immediate and short term maturity of the financial instruments.

## 2. CONTINGENT LIABILITIES

The nature of Committee activities is such that there may be litigation pending or in prospect at any time. The Committee is not aware of any claims or possible claims as at 31 December 2023.